

AMENDMENT 1 TO THE MEMORANDUM OF UNDERSTANDING
BETWEEN THE
GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE
GOVERNMENT OF ISRAEL
CONCERNING THE
PRINCIPLES GOVERNING MUTUAL COOPERATION
IN
RESEARCH AND DEVELOPMENT, SCIENTIST AND ENGINEER EXCHANGE,
PROCUREMENT AND LOGISTIC SUPPORT OF DEFENSE EQUIPMENT
OF DECEMBER 14, 1987

The Government of the United States of America and the Government of Israel, hereinafter referred to as "the Governments", have agreed to amend the Memorandum of Understanding between the Government of the United States of America and the Government of Israel Concerning the Principles Governing Mutual Cooperation in Research and Development, Scientist and Engineer Exchange, Procurement and Logistic Support of Defense Equipment (MOU) signed at Washington, D.C., on December 14, 1987, as follows:

Article I is hereby amended to (a) revise subparagraphs 2.a and 2.c and paragraph 3 to read as follows and (b) add a paragraph eight at the end of the Article:

"2. ...

a. These offers will be evaluated without applying price differentials resulting from "Buy National" laws and regulations.

...

c. Full consideration will be given to qualified industrial or governmental sources of the other country for conventional defense supplies and services

consistent with the policies and criteria of the cognizant purchasing agencies, if such offers satisfy all requirements of the purchasing organization for performance, including requirements related to quality, delivery and cost.

..."

"3. Both Governments will provide appropriate procurement regulations, policy guidance and administrative procedures within their respective defense procurement organizations to facilitate achievement of improved defense cooperation. Each Government will exchange such regulations, guidance and procedures with the other. Each Government will also be responsible for calling to the attention of the relevant industries within its country the existence of this MOU, as amended, together with appropriate implementing guidance."

"8. The Governments agree to discuss measures to limit any adverse effects that offset arrangements have on the defense industrial base of each country."

Article IV, paragraph 1, is hereby amended to read as follows:

"1. This MOU will remain in effect for a ten-year period following its signing and will be extended automatically for five-year periods unless written notification of an intention to terminate is provided by one Government to the other Government in accordance with the provisions of paragraph 2 of this Article."

Article V is hereby amended to add the following to the list of annexes:

- "IV. Quality Assurance Services
- V. Reciprocal Qualification of Defense-Use Products
Offered by Manufacturers Resident in either Country"

Subject to the above amendments, the MOU will continue in all other respects with full force and effect.

This Amendment shall enter into force on the date of the last signature, with effect from December 14, 1997.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Amendment.

DONE in duplicate, in the English language.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF ISRAEL:

_____

Date: December 19, 1997

Place: Washington, DC

_____

Date: 8.1.98

Place: TEL AVIV

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
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RESEARCH AND DEVELOPMENT, SCIENTIST AND ENGINEER EXCHANGE,
PROCUREMENT AND LOGISTIC SUPPORT OF DEFENSE EQUIPMENT

PREAMBLE

The Government of the United States of America and the Government of Israel, hereinafter referred to as the Governments:

o Noting their previous agreements on (1) Data Exchange (signed on 22 December 1970), (2) the Production in Israel of US Designed Defense Equipment (signed on 1 November 1971), and (3) Principles Governing Mutual Cooperation in Research and Development, Scientist and Engineer Exchange, and Procurement and Logistics Support of Selected Defense Equipment (signed on 19 March 1979, and amended 19 March 1984), which is hereby superseded, and (4) General Security of Information (signed on 10 December 1982) and its Industrial Security Annex (signed on 3 March 1983),

o Intending to increase their respective defense capabilities through more efficient cooperation in the field of research and development, production, procurement and logistic support in order to:

- Promote the cost-effective and rational use of funds allocated to defense to the extent permitted by their national laws and policies, and
- Mutually benefit from selected research and development programs which satisfy each nation's defense needs in a cost effective manner, and

o Noting that the Governments will continue to purchase large quantities of defense equipment on a competitive basis from each other, the Governments agree to allow each other's sources to compete on defense requirements and have entered into this Memorandum of Understanding and its Annexes which are incorporated herein, in order to achieve the above aims.

This Memorandum of Understanding (MOU) and its Annexes set out the guiding principles governing mutual cooperation in research and development, procurement and logistic support of conventional defense supplies and services.

ARTICLE I
PRINCIPLES GOVERNING RECIPROCAL DEFENSE COOPERATION

1. The Governments intend to facilitate the accomplishment of the above-stated aims through operational and technical exchange leading toward understanding of military requirements and their technological solutions, through cooperation in the research and development areas, and data exchange and scientist-engineer exchange programs, as covered in Annexes hereto; and by allowing each other's national sources to offer conventional defense supplies and services in accordance with this MOU.

2. Consistent with national laws & regulations, each Government will accord the following treatment to offers of conventional defense supplies to be produced, and services to be performed in the other country:

a. These offers will be evaluated without applying price differentials resulting from Buy National laws and regulations, including the Balance of Payments Program.

b. These offers will be evaluated without consideration of the cost of duties and provisions will be made for duty-free entry certificates and related documentation.

c. Except as provided below, full consideration will be given to qualified industrial or governmental sources of the other country for conventional defense supplies and services consistent with the policies and criteria of the cognizant purchasing agencies, if such offers satisfy all requirements of the purchasing organization for performance, including requirements related to quality, delivery and cost. The US will not consider procurement from Israeli sources if the procurements are: (1) restricted by US disclosure policies or US industrial security requirements, (2) set aside for small business, (3) reserved for mobilization base suppliers, (4) otherwise restricted by law or regulation. In addition, the U.S. may restrict the geographic region in which contracts for the maintenance, repair, or overhaul of equipment that are part of the DoD Overseas Workload Program may be performed if appropriately designated officials of the Department of Defense determine that performance of the contract outside that specific region:

(a) could adversely affect the military preparedness of the Armed Forces of the U.S.; or

(b) would violate the terms of an international agreement to which the U.S. is a party.

d. Each Government's laws and regulations relating to purchases of goods and services (including the requirements for obtaining competition for such purchases) shall be applicable to purchases by each Government, respectively, in the implementation of this agreement.

e. Whenever permitted by law, waivers of further restrictive requirements are encouraged to facilitate the participation of sources in one country in the procurements of the other country.

3. Both Governments will provide appropriate policy guidance and administrative procedures within their respective defense procurement organizations to facilitate achievement of improved defense cooperation. Each Government will also be responsible for calling to the attention of the relevant industries within its country the existence of this Memorandum of Understanding together with appropriate implementing guidance.

4. Technical information, including Technical Data Packages (TDPs), furnished to the Government, to firms, or to persons in the other country for the purpose of offering or bidding on, or performing a defense contract shall not be used for any other purpose without the prior agreement of the originating government as well as the prior agreement of those owning or controlling proprietary rights in such technical information. Each Government will ensure that full protection will be given by its officers, agents, and firms to such proprietary information, or to any privileged, protected or classified data and information they contain. Each Government will also undertake its best efforts to ensure compliance with the foregoing provisions on the part of other firms, or persons in its country. In no event shall such technical information or TDPs or products derived therefrom be transferred to any third country or other third party transferee without the prior written consent of the originating Government.

5. Both Governments will undertake their best efforts to assist in negotiating licenses, royalties, and technical information exchanges with their respective industries, when required. Both Governments will also facilitate the necessary export licenses required for the submission of bids or proposals or otherwise required for the performance of this MOU and its Annexes.

6. The transfer to third countries of material or technical information and of articles derived therefrom generated from the mutual cooperative programs included in this MOU or purchased pursuant to this MOU is subject to case-by-case advance agreement of the originating Government.

7. Arrangements and procedures will be established concerning follow-on logistic support for items of defense equipment covered by this Memorandum of Understanding. Both Governments will make their defense logistic systems and resources available for this purpose as required and mutually agreed.

ARTICLE II IMPLEMENTING PROCEDURES

Implementing guidance is included in Annex I. A joint US DoD-Israel MOD committee shall be established to update the annexes as appropriate and periodically review the progress of implementation. The Under Secretary of Defense for Acquisition, in coordination with the Assistant Secretary of Defense for International Security Affairs, and other appropriate Department of Defense and State officials, will be responsible in the US Government for the implementation of this MOU. The Director General, Israel Ministry of Defense will be the responsible counterpart authority for the Government of Israel. Other duties to be assigned this committee and the frequency of their meetings shall be further defined in Annex I.

ARTICLE III SECURITY

To the extent that any items, plans, specifications or information furnished in connection with specific implementation of this MOU are classified by either Government for security purposes, the General Security of Information Agreement, dated 10 December 1982, between the Governments, and that Agreement's Industrial Security Annex, dated 3 March 1983, shall apply.

ARTICLE IV DURATION

1. This MOU will remain in effect for a ten year period following its signing and will be extended for successive five-year periods, if at the end of each interval the Governments mutually agree to such an extension.

2. If, however, either government considers it necessary for compelling national reasons to terminate its participation under this MOU before the end of the ten-year period, or any extension thereof, written notification of its intention will be given to the other Government six months in advance of the effective date of termination. Such notification of intent shall

become a matter of immediate consultation with the other Government to enable the Governments fully to evaluate the consequences of such termination and, in the spirit of cooperation, to take such actions as necessary to alleviate problems that may result from the termination. In this connection, although the MOU may be terminated by the Parties, any contract entered into consistent with the terms of this MOU shall continue in effect, unless the contract is terminated in accordance with its own terms. Moreover, Article I, Sections 4 and 6 and Article III of this MOU will continue in full force and effect after, and notwithstanding, the expiration or termination of this MOU.

3. In any event, this MOU may be amended at any time upon the written agreement of the parties.

ARTICLE V ANNEXES

The following annexes are an integral part of this MOU:

- I. Principles Governing Implementation
- II. Research and Development
- III. The Mutual Acceptance of Test & Evaluation for the Reciprocal Procurement of Defense Equipment.

Further annexes to this MOU may be negotiated by the responsible officers and approved by the appropriate authorities of each Government and will be treated as an integral part hereof.

FOR THE GOVERNMENT OF ISRAEL
THE MINISTER OF DEFENSE

Y. Rabin
Date 12.14.87

FOR THE UNITED STATES
THE SECRETARY OF DEFENSE

Frank C. Carlucci
Dec. 14, 1987

ANNEX I
PRINCIPLES GOVERNING IMPLEMENTATION
TO

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF ISRAEL AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA CONCERNING THE PRINCIPLES GOVERNING MUTUAL COOPERATION IN RESEARCH AND DEVELOPMENT, SCIENTIST AND ENGINEER EXCHANGE, AND PROCUREMENT AND LOGISTIC SUPPORT OF DEFENSE EQUIPMENT.

I. TERMS OF REFERENCE

1. A joint US Department of Defense-Israel Ministry of Defense Committee (hereafter to be called "the Committee") is hereby established to serve, under the direct responsibility of the authorities listed in Article II of the Memorandum of Understanding (MOU), as the main body responsible for implementation of the MOU.

2. In particular, the Committee will be responsible for implementing the MOU and its Annexes, which govern mutually beneficial cooperation in conventional defense equipment research and development, procurement and logistic support of conventional defense equipment; to this end the Committee will meet as required pursuant to the request of either Government, but not less than once every year, alternating in each country, to review progress in implementing the MOU. To the extent practical, the agenda for the Committee Meeting and issues to be discussed will be mutually agreed to at least 30 days in advance of the meeting. In this review:

A. They will discuss mutually beneficial cooperation in areas covered by the MOU.

B. They will exchange information as to the way the stipulations of the MOU have been carried out, and, if need be, prepare proposals for amendments of the MOU and its Annexes.

C. They will provide an annual financial statement of the current status of procurement under the MOU, give guidance for its yearly preparation, and report on the progress of MOU implementation.

D. They will consider problems which impeded the implementation of this MOU in accordance with the procedures in paragraph 3 and 4 below.

E. They will meet from time to time with representatives of the industries of each country to foster the objectives of the MOU.

3. The Committee will act as a forum for the consideration of all problems arising in the operation of the MOU, including

issues relating to amending and interpreting its Annexes, and make recommendations to the parties for the resolution of such problems. In this context the Committee will:

- Establish procedures for raising and resolving problems involving the implementation of the MOU that are brought to its attention.
- If the Committee is unable to reach a consensus, refer the matter to the Under Secretary of Defense for Acquisition, in the event the United States is the procuring party, or to the Director General, Ministry of Defense, in the event Israel is the procuring party, in which case, the decision of the Under Secretary or the Director General shall be final.

4. The Committee shall not constitute the exclusive forum for the resolution of problems arising in the operation of the MOU; any aggrieved person may pursue whatever legal or administrative remedies are available to it in either country.

II. PRINCIPLES

1. MAJOR PRINCIPLES

A. The US Department of Defense (DoD) and the Ministry of Defense of Israel (MOD) will consider for their defense requirements qualified conventional defense supplies and services developed or produced in the other country.

B. In reviewing an item for possible eligibility for full and open competition, the DoD and MOD will consider for their respective procurements the following:

1. Releasability of technology. The technology may be released by making available to Israeli or US Industry a government owned Technical Data Package which is provided with an IFB or RFP. The release of technology may also take place through an export license application processed by a US or Israeli prime contractor for technology to be used by an Israeli or U.S. subcontractor. Technology transfer approval will be in accordance with established procedures and guidelines of each nation.

2. Set-Asides. Items that are set aside for Small or Disadvantaged Business or Labor Surplus Areas participation shall be excluded.

3. Mobilization Base. The minimum production rate that will insure that facilities, producers, manufacturers or other suppliers are available for furnishing supplies or services in case of national emergency or to achieve mobilization shall be excluded.

4. Items Restricted by Law or Regulation.

5. Military Preparedness. In accordance with Article I of the MOU, appropriately designated officials may restrict the performance of certain contracts to a specified geographic region. The office of the Secretary of Defense will designate the officials authorized to make this determination within 90 days after signing of the MOU.

C. In all instances, when a government intends to procure an item for which non-domestic sources may not compete, the procuring Government shall state in its solicitation that the procurement is limited to domestic sources only.

D. It is the responsibility of government owned entities or industry representatives in each country to acquire information concerning the other country's proposed research, development, and purchases for items or services for which its firms are eligible to compete in accordance with procurement procedures and applicable law. However, the responsible government agencies in each country will assist sources in the other country, to obtain information concerning intended research and development, proposed purchases, and necessary qualifications and appropriate documentation, as provided by law and regulations.

2. ACTION

DoD and MOD will review and, where considered necessary and to the extent provided by law, revise their respective policies, procedures, and regulations and develop implementation procedures to ensure that the principles and objectives of the MOU, which are intended to promote the cost effective and rational use of funds allocated to defense, are taken into account. DoD and MOD agree that the following measures shall be taken, recognizing that, among other factors, delivery date requirements for supplies, the interest of security and the timely conduct of the procurement process are considerations that may preclude full and open competition for the award of contracts:

A. Ensure that their respective requirements offices are familiar with the principles and objectives of this MOU.

B. Ensure that their respective research and development offices and institutes are familiar with the principles and objectives of this MOU.

C. Ensure that their respective procurement offices are familiar with the principles and objectives of this MOU.

D. Ensure wide dissemination of the basic understanding of this MOU to their respective industries producing or developing approved defense items or services.

E. Ensure that, consistent with national laws, regulations, and this MOU, offers of conventional defense supplies produced and services performed in the other country will be evaluated without applying to such offers either price differentials under buy-national laws and regulations or the cost of import duties, to the extent that existing laws and regulations permit the waiver of such import duties. Full consideration will be given to qualified industrial or governmental sources in each other's country. Provisions will be made for duty-free entry certificates and related documentation to the extent that existing laws and regulations permit.

F. Assist industries in their respective countries to identify and advise the other government of their production capabilities and assist such industries in carrying out the supporting actions for industrial participation.

G. Identify requirements and proposed purchases to the other country in a timely fashion to ensure that the industries of such country are afforded adequate time to be able to participate in the research, development, production and procurement processes.

H. The DoD will publish in a publicly available publication a summary of the notice of proposed purchases. Similarly, the MOD will submit to a designated point of contact at the US Embassy, in Tel Aviv, a summary of the proposed purchases, at least 30 days prior to the issuance of the solicitation. In both cases, at least the following information will be given:

1. Subject matter of the contracts;
2. Time limits set for the submission of offers or application for solicitation; and
3. Addresses from which solicitation documents and related data may be requested.

I. Provide, on request, copies of solicitations for proposed purchases. A solicitation shall constitute an invitation to participate in the competition, and shall contain the following information:


1. the nature and quantity of the products to be supplied,
2. whether the procedure is by sealed bids or negotiation;

3. any delivery date;
 4. the address and final date for submitting offers as well as the language or languages in which they must be submitted;
 5. the address of the agency awarding the contract and providing any information required by the suppliers;
 6. any economic and technical requirements, financial guarantees and information required from suppliers;
 7. the amount and terms of payment of any sum payable for solicitation documentation.
- J. Publish conditions for participation in procurements in adequate time to enable interested suppliers to initiate and, to the extent that it is compatible with efficient operation of the procurement process, complete the bidding process.
- K. Provide upon request by any supplier, pertinent information concerning the reason why that supplier's application to qualify for the suppliers' list was rejected, or why that supplier was not invited or admitted to tender.
- L. Establish a contact point to provide additional information to any unsuccessful offeror dissatisfied with the explanation for rejection of his offer or who may have further questions about the award of the contract.
- M. Provide upon request by an unsuccessful tenderer, pertinent information concerning the reasons why the offeror was not selected, including information on the characteristics and the relative advantages of the offer tender selected, as well as the name of the winning offeror.
- N. Use best efforts to assist in negotiating licenses, royalties, and technical information exchanges among their respective industries, and research and development institutes.

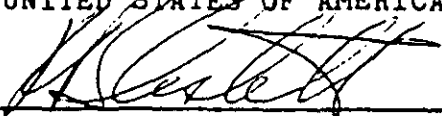
III. MEMBERSHIP AND POINTS OF CONTACT

The Governments will appoint the members of this committee and points of contact under separate cover and will update these appointments as necessary.

FOR THE GOVERNMENT OF ISRAEL


DATE: 14 DEC 1987

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA


14 DEC 1987

ANNEX II
(RESEARCH AND DEVELOPMENT)
TO THE
MEMORANDUM OF UNDERSTANDING
BETWEEN THE GOVERNMENT OF ISRAEL
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PART I
MASTER DEFENSE DEVELOPMENT
DATA EXCHANGE AGREEMENT

The Master Defense Development Data Exchange Agreement, and the Annexes to the agreement, provide one means of facilitating the US-Israel MOU. The Master Defense Development Data Exchange Agreement, above, between the United States Department of Defense and the Israeli Ministry of Defense, is dated 22 December 1970. It establishes the terms and conditions by which both nations agree to exchange information on subject matter of mutual interest. Data Exchange Annexes (DEAs) prescribe the technical data to be exchanged. Annexes are reviewed at least annually, with new Annexes added and others deleted as agreed between the governments. (A current list may be obtained from the Office of the Deputy Under Secretary (International Programs and Technology), Office of the Under Secretary of Defense for Acquisition, Department of Defense, Washington, DC 20301-3070, or the Office of Research and Development, Israel Ministry of Defense. The following Data Exchange Annexes are incorporated herein by reference:

Tank Systems

Surveillance, Target Acquisition and Night Observation

Artillery Rocket/Missile System

Air Defense Systems

Artillery Systems

Electronic Warfare

Infantry Weapons

Tactical Communications

Defense Against Chemical Agents

Proving Ground Techniques

Mine Laying Systems and Land Mines

Army Engineering

Military Medicine

Mobile Shelters and Organizational Equipment
Food Processing, Preservation, and Food Service Equipment
Software Development Methodologies, Techniques and Tools
Air-to-Surface Weapon Systems
Defense Against Anti-Ship Missiles
Air-to-Air Weapons
Applied Oceanography
Explosive Ordnance Disposal
Electro-Optic Technology
Naval Safety Programs
Electronic Countermeasures
Airborne Weapon Delivery
Conventional Air Launched Armament Systems
Biodynamics and Human Factors Technology
Construction Engineering

PART II

RESEARCH AND DEVELOPMENT PROGRAMS

The Government of Israel and the Government of the United States have entered into a Memorandum of Understanding (MOU), dated 14 December 1987, which sets out the guiding principles governing mutual cooperation in conventional defense equipment research and development.*

As stated in Annex I to the MOU, it will be the responsibility of government-owned entities or industry representatives in each country to obtain information concerning

*The terms "equipment" and "research and development" as used in this Part include: research, studies, analyses, and exploratory, advanced, engineering, and operational development on systems, subsystems, components, and software.

the other country's proposed research and development. However, the responsible government agencies in each country will assist sources in the other country to obtain such information. Additional procedures to implement Part II of this Annex shall be issued, as necessary by the joint US DoD-Israeli MOD Committee.

The type of R&D programs to be covered by this agreement are as follows:

Program Category

I. Joint R&D Program -- A program in which the two countries jointly sponsor or carry out in a coordinated manner R&D in one or both countries in order to satisfy common requirements.

II. Supporting R&D Program -- A program in which a contractor in one country performs R&D for the second country (or a contractor thereof).

(NOTE: Identification of a program as "supporting" does not imply that the first country plans to participate in the R&D program or subsequent procurement, production, or deployment of any equipment resulting therefrom. Additionally, such identification does not imply waiver of any rights the first country may have in inventions or technical information utilized or developed in the R&D program, nor does the inclusion of a program obviate the need for meeting the terms and conditions of national export license laws. However, once a license is granted for a supporting R&D program, subsequent licenses will normally be granted in order to fulfill the terms of approved contracts and the export of equipment and technical information resulting therefrom, provided that such exports are in accordance with the parameters stipulated in the initial export license).

III. Equipment Evaluation Program -- A program in which one country tests and/or evaluates equipment previously developed by the second country (or a contractor thereof) with a view towards its possible acquisition by the first country through a purchase, co-production or licensed production.

IV. Competitive R&D Program -- A program in which a contractor in one country competes against contractors (or sub-contractors) in the second country for an R&D contract to be awarded by the second country.

V. Research and Technology Base Program -- A program in which the two countries jointly sponsor, carry out, or coordinate research and development of basic technologies in order to build and advance their respective technology bases, not necessarily in

relation to specific operational requirements. The program may include research or development undertaken by research establishments, universities, government and non-government laboratories. The program may include technology assessments and forecasting, development of advanced technologies, testing of new technologies (including techniques, facilities, and instrumentation), and the exchange of advanced engineering and manufacturing technologies.

Determination of Competitive R&D Areas and Programs (Category IV)

R&D programs which fall within the technological/system areas covered by the DEAs shall be open to competition by contractors in one country seeking contracts from the second country or contractor(s) thereof. However, portions of these areas or specific programs (or parts thereof) may, as exceptions, be excluded from competition by either country based on its national disclosure, technology transfer, or international acquisition policies. Each country may request that competition be allowed for specific programs not covered by the data exchange annexes.

PART III

SCIENTIST AND ENGINEER EXCHANGE PROGRAM

BETWEEN ISRAEL AND THE UNITED STATES

INTRODUCTION

1.1 In the implementation of the Memorandum of Understanding (MOU) between the Government of Israel and the Government of the United States, dated 14 December 1987, a program has been agreed to under which each will provide to selected scientists and engineers from the other country on-site working assignments in defense organizations, industries, universities or other institutions associated with defense contracts covering technical areas of interest related to Army, Navy and Air Force conventional weapons systems and equipment.

SELECTION OF CANDIDATES

2.1 Participation in the Israel and US scientist and engineer exchange program (SEP) is restricted to military officers and civilian employees of the Israel Ministry of Defense (MOD) and the US Department of Defense (DoD) (including wholly owned government industries or facilities).

2.2 The placement of each candidate nominated under this program is conditional upon the ability of the activity involved to provide working assignments for a mutually agreed period.

2.3 Candidates should hold at least baccalaureate degrees and have at least four years practical experience in the discipline to which they are to be exposed.

2.4 To assist in the evaluation of candidates, the MOD and the DoD will forward background resumes and assignment objectives to each other at least six months prior to the desired date of assignment. Final selection of candidates will be by mutual agreement between the MOD and the DoD.

2.5 Selected candidates from the MOD must be proficient in English and have a working knowledge of US technical terms. Candidates from the DoD may be required to be proficient in Hebrew and have a working knowledge of Hebrew technical terms (as may be necessary on a case-by-case basis).

COSTS

3.1 Cost incurred on account of participation of a country in assigning scientists and engineers under this program will be borne by the country of which that scientist or engineer is a national (country of origin).

3.2 Incurred costs to be borne by the country of origin will include, but not be limited to salary, per diem costs, housing allowances, differential relocation pay, family allowances, cost of movement of dependents and household effects, cost of shipment of remains and funeral expense in event of death, travel to and from the host country, travel in connection with assigned duties within the host country, and hospitalization, medical, dental and any other associated personnel costs occasioned by assignment of its national under this program.

3.3 The country of origin will make arrangements to defray costs of this program directly to its personnel rather than by reimbursement to the host country.

3.4 Incurred costs, to be borne by the country of origin, will not include costs of host country personnel or charges for the use of host country-owned facilities, tooling, plant or laboratory equipment.

SECURITY

4.1 During the selection process, each country will inform the other of the level of security clearance required to permit candidates access to selected work areas. Access will be limited to classifications no higher than ~~SECRET~~, based on the participant's need-to-know to accomplish the work assignment. Security clearance will be authorized for the work program identified for participation. Additional or modified work assignments will require separate disclosure authorization.

4.2 Each country will cause to be filed, through its Embassy in the host country, appropriate security assurances for each selected candidate.

4.3 Any violation of security procedures by a participant during his assignment will be reported to the country of origin for appropriate action.

4.4 All classified items, plans, specifications, or other information available to personnel participating in this program will be considered as classified information furnished to or by the country of origin, and will be subject to all provisions and safeguards provided for under arrangements in force between the United States and Israel.

4.5 The country of origin will insure, by appropriate means (e.g., indoctrination on applicable security laws and statutes, retention agreement equal to three times the length of the assignment, etc.), the protection of proprietary, classified, and other information disclosed under this program, after termination of a participant's assignment.

4.6 The data and information to be exchanged under this program as well as access to facilities, equipment and sites shall not extend to those disclosing "RESTRICTED DATA" or "FORMERLY RESTRICTED DATA" as those terms are used in the United States Atomic Energy Act of 1954 as amended.

4.7 Technical data (classified or unclassified, in written or other documentary form) received by a participant shall not be transmitted by the participant unless prior review and approval have been obtained by the appropriate host country disclosure authority.

TECHNICAL AND ADMINISTRATIVE MATTERS

5.1 The host country will provide, at no cost to the country of origin, such technical and administrative support as is deemed necessary for the efficient performance of a participant's assigned task.

5.2 Participants assigned under this program will be subject to the same restrictions, conditions, and privileges as local personnel of comparable rank in the area of assignment, unless modified by the local director or commander or equivalent of the facility to which assigned.

5.3 Participants and their authorized dependents shall be briefed regarding their specific entitlements, privileges, and obligations prior to or immediately following their arrival in the host country.

5.4 As a general rule, except for religious holidays, participants will observe holidays of the host organization rather than their own national holidays. Exceptions to this rule may be made by the local director, commander or equivalent of the installation to which personnel are assigned.

5.5 All participants will work under the guidance and control of a host supervisor who will, upon completion of a participant's tour of duty, submit an evaluation report to the participant's country of origin.

5.6 Supervisors will insure daily observation of participant's performance in order to provide a basis for counseling and reporting.

5.7 Supervisors may submit interim reports to appropriate recipients as deemed useful.

INVENTIONS AND TECHNICAL INFORMATION

6.1 The respective rights of the exchange scientist or engineer and the two governments to use inventions made and technical information developed by an exchange scientist or engineer while working in a host organization under this program shall be governed by the laws and regulations of the respective government of origin.

6.2 To the extent that the right, title and interest to an invention is assigned to the government of origin under the provision established in paragraph 6.1, the government of origin agrees to grant:

a. To the host government for its own governmental purposes a worldwide, irrevocable, non-exclusive, royalty-free license for such inventions made (conceived or first actually reduced to practice under this program); and

b. To a non-government host facility a non-exclusive, royalty-free license to make, use and sell each such invention within the host country, coupled with the right to use and sell throughout the world any product manufactured pursuant to such license, if the invention is made while the participating scientist or engineer is engaged in work at such non-government owned facility.

6.3 As a condition for participating in this program, the government of origin shall obtain from each exchange scientist or engineer selected, a written agreement to grant:

a. To the government of origin and the host government, for their respective governmental purposes, worldwide, irrevocable, non-exclusive, royalty-free licenses in inventions made and technical information developed by the individual during the period of and as a result of his participation in the program; and

b. To a non-government host facility a non-exclusive, royalty-free license to use technical information developed by the individual, and to make, use and sell within the host country each invention made by the individual coupled with the right to use and sell throughout the world any product manufactured pursuant to such license, if the technical information is developed or the invention is made while the participating scientist or engineer is engaged in work at such non-government owned facility.

6.4 In order to permit the host government to adequately protect its interest in inventions referred to in paragraph 6.2 within its territory, the host government as a licensee may file and prosecute patent applications within its territory for such inventions.

6.5 To the extent it can do so without incurring liability to a third party, each government agrees to grant to the other government for its governmental purposes a worldwide, irrevocable, non-exclusive, royalty-free license in technical information:

a. Furnished to or by the host government through an exchange scientist or engineer; and

b. Relevant to technical information developed by an exchange scientist or engineer working in a host organization under this program.

DURATION AND TERMINATION

7.1 This Annex will cover a period coincident with the MOU between the parties unless sooner terminated by agreement between the parties.

7.2 In the event of termination or expiration, the commitments regarding security, the protection of technical and other information against unauthorized use, disclosure, or transfer, and industrial property rights that accrued prior to termination will continue without the limit of time.

FOR THE GOVERNMENT OF ISRAEL:

FOR THE GOVERNMENT OF THE
UNITED STATES:

A. Ben-Joseph

A. Ben-Joseph, Director
Mission to the U.S.A.

Robert B. Costello

ROBERT B. COSTELLO
Under Secretary of Defense
for Acquisition

DATE: 19 APRIL, 1988

DATE: 5 March 1988

PLACE: NY, NY

PLACE: Washington, D.C.

ANNEX III TO THE
MEMORANDUM OF UNDERSTANDING
BETWEEN THE
GOVERNMENT OF ISRAEL
AND THE
GOVERNMENT OF THE UNITED STATES OF AMERICA
CONCERNING THE
PRINCIPLES GOVERNING MUTUAL COOPERATION
IN
RESEARCH AND DEVELOPMENT, SCIENTIST AND ENGINEER EXCHANGE, AND
PROCUREMENT AND LOGISTIC SUPPORT OF DEFENSE EQUIPMENT
RELATING TO
THE MUTUAL ACCEPTANCE OF TEST AND EVALUATION
FOR THE
RECIPROCAL PROCUREMENT OF DEFENSE EQUIPMENT

1. INTRODUCTION

1.1 The Governments of Israel and the United States of America (USA), hereinafter referred to as the Governments, are developing high technology weapon systems and other advanced items of defense equipment and are seeking to facilitate the reciprocal procurement of such systems and equipments.

1.2 In furtherance of this aim, the Governments have engaged in briefings and discussions on Test & Evaluation (T&E) carried out in connection with defense procurement with the objectives of:

- a. Bringing about a thorough mutual understanding of the Governments' policies, organizations and procedures for T&E;
- b. Identifying the main differences between the Governments' organizations and procedures for T&E;
- c. Undertaking the actions required to overcome any difficulties arising from the differences identified, to attempt to ensure the maximum possible mutual acceptability of T&E procedures;

- d. Determining and recording the extent of understanding between the Governments concerning mutual acceptability of their respective T&E procedures for those systems that are developed in one country and are candidates for procurement by the other.

1.3 This Annex to the Memorandum of Understanding, dated 14 December 1987, records understanding reached by the Governments concerning the mutual acceptability of their respective T&E procedures for all systems and equipments that are developed in one country and where an interest in procurement by the other has been mutually established. It includes both developmental test and evaluation and operational test and evaluation, hereinafter referred to as T&E.

2. POINTS OF UNDERSTANDING

- 2.1 There are two categories of defense systems and equipments:
 - a. Those about to commence or undergoing development;
 - b. Those for which development is completed.
- 2.2 The objective is to avoid unwarranted duplication in testing. One Government will not duplicate tests where

acceptable data is available from the official test program of the other Government.

2.3 Differences among the existing T&E organizations and among the existing general T&E procedures of the Governments are not such as to justify changes being made for the purposes of this Annex.

2.4 To achieve a better mutual understanding of the Governments' conduct of T&E, the Governments will produce guidance information necessary to meet the purpose of this Annex, including documentation of their respective T&E policies, procedures and organizations.

2.5 The Governments' focal points for the aspects of T&E relating to procurement will be the respective Program Managers. For operational test matters, the proper U.S. focal point is the appropriate Service's independent operational test agency.

3. MUTUAL ACCEPTANCE PROCEDURES

3.1 All proposals for a system or equipment of one country to be considered for procurement by the other will require, on a case-by-case basis, a review of T&E data reflecting

test conditions, measuring instrumentation, test results and evaluation criteria. The following procedures will be observed:

- a. To facilitate the exchange of T&E data, a documentation format appropriate to the proposed system or equipment will be agreed upon between the offering Government and the Government considering procurement.
- b. For a system or equipment about to commence or undergoing development, the offering Government will invite the Government considering procurement to participate in the T&E program at its inception or as soon as possible thereafter. Should the Government invited choose not to participate in the testing, the offering Government, subject to its laws, existing policy, procedures and regulations, and subject to privately owned proprietary rights, will arrange for the release to the other of the T&E information necessary for evaluation.
- c. For a system or equipment for which development is complete, the offering Government will ensure, subject to its laws, existing policies, procedures and regulations, and subject to privately owned proprietary rights, that all T&E data mutually agreed

to be pertinent is made available to the Government considering procurement.

- d. Should the Government considering procurement adjudge the T&E which has been completed or planned by the offering Government to be inadequate for its procurement procedures, the two Governments will decide by mutual agreement on any additional testing to be carried out. Such additional testing may be conducted by either country or jointly as mutually agreed. In addition, before such additional testing commences, understanding is to be reached by the two Governments regarding payment of costs, allocation of resources, scheduling, and the evaluation criteria which will apply. In this regard, testing done at the request of and primarily for the benefit of one of the Governments shall be paid for by that Government.
- e. Where an aspect of the T&E carried out by the offering Government is adjudged to be inadequate to meet the requirements of the Government considering procurement, both Governments will endeavor, if they consider it appropriate, to reach agreement on a common standard for that aspect of T&E, for any subsequent applications.

3.2 In any case, where agreement cannot be reached between the focal points or their immediate superiors concerning the

acceptability of T&E, or when it is felt that adequate data and information on T&E have not been provided, the matter will be referred to the appropriate higher authority. This will be:

- a. For Israel, the MOD/Director of Defense R&D.
- b. For the USA, the Deputy Director, Defense Research and Engineering (Test and Evaluation), or the Director, Operational Test and Evaluation for operational test matters.

3.3 Any disagreement between the Governments regarding the interpretation or application of this Annex will be settled by consultation between the Governments on the same levels as in paragraph 3.2. Under no circumstances will such a disagreement be submitted to an international court or third party for arbitration.

4. PROTECTION OF DATA

4.1 Any classified information which may be communicated directly or indirectly among the signatory Governments in conjunction with this Annex, or through them to industry, shall be safeguarded in accordance with the General Security of Information Agreement dated 10 December 1982 and its Industrial Security Annex dated 3 March 1983.

4.2 Unclassified information provided by either Government to the other in confidence, and information produced by either Government pursuant to this Annex requiring confidentiality, will be safeguarded in a manner that ensures its proper protection from unauthorized disclosure.

4.3 To assist in providing the desired protection, each Government will mark classified information furnished to the other with a legend indicating the country of origin, the security classification and the condition of release. Unclassified information will be marked to indicate that the information relates to this Annex and that it is furnished in confidence.

4.4 Each Government will take all lawful steps available to it to keep information exchanged in confidence under this Annex free from disclosure under any legislative provision, unless the other Government consents to such disclosure.

5. IMPLEMENTATION

- 5.1 This Annex will come into effect on the date of the last signature. It will remain in effect for the same period as the Memorandum of Understanding.
- 5.2 A participating Government may withdraw from this Annex on condition that it gives the other participating Government six months written notice.
- 5.3 In the event that this Annex is terminated under paragraph 5.1 or if a participating Government withdraws under paragraph 5.2, the provisions of Section 4 of this Annex, on protection of data, shall remain in effect with respect to both of the Governments or to the withdrawing Government as the case may be, as if there had been no such termination of withdrawal.

FOR THE GOVERNMENT OF ISRAEL



A. Ben-Joseph, Director
Mission to the U.S.A.

DATE: 19 APRIL, 1988

PLACE: NY, NY

FOR THE GOVERNMENT OF THE
UNITED STATES



ROBERT B. COSTELLO
Under Secretary of Defense
for Acquisition

DATE: 3 Mar 1988

PLACE: Washington, D.C.

ANNEX IV REGARDING QUALITY ASSURANCE SERVICES

TO THE

MEMORANDUM OF UNDERSTANDING

BETWEEN THE

GOVERNMENT OF THE UNITED STATES OF AMERICA

AND THE

GOVERNMENT OF ISRAEL

CONCERNING THE

PRINCIPLES GOVERNING MUTUAL COOPERATION

IN

RESEARCH AND DEVELOPMENT, SCIENTIST AND ENGINEER EXCHANGE,

PROCUREMENT AND LOGISTIC SUPPORT OF DEFENSE EQUIPMENT

OF DECEMBER 14, 1987

I. PREAMBLE

A. This Agreement sets forth the terms, conditions and procedures under which the Government of the United States of America (U.S.) and the Government of Israel (Israel) (hereinafter referred to as "the Governments") shall provide one another with quality assurance (QA) services in support of defense contracts and subcontracts contemplated or performed under the Memorandum of Understanding between the Government of the United States of America and the Government of Israel Concerning the Principles Governing Mutual Cooperation in Research and Development, Scientist and Engineer Exchange, Procurement and Logistic Support of Defense Equipment (MOU) signed at Washington, D.C., on December 14, 1987, as modified by Amendment 1 signed effective December 14, 1997. Such QA support shall be accomplished in accordance with established and documented directives acceptable to, and in compliance with the laws of, the Governments. The objective of this Agreement is to ensure each participating government is able to employ the most effective and efficient QA support possible when acting under the MOU.

B. Notwithstanding any other provisions of this Agreement, if special arrangements for QA support are made under an international cooperative project in which the Governments participate, those special arrangements shall have precedence over this Agreement.

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II. GENERAL

A. The following definitions apply for this Agreement:

1. Delegator: The representative authorized by the purchasing government to request QA support from the host government.

2. Delegatee: The representative authorized by the host government to ensure QA support is performed on behalf of the purchasing government.

B. Requests for QA support under this Agreement shall be restricted to those cases in which quality cannot be verified satisfactorily after receipt of the deliverables of a contract or Government QA support at source is considered essential.

C. Purchases by Israel from the U.S. under the U.S. Foreign Military Sales (FMS) Program shall be in accordance with the U.S. Arms Export Control Act and associated regulations, policies, and procedures. Normally, such FMS purchases shall be afforded the same QA support as the U.S. Department of Defense invokes for similar procurements that it makes for its own use. Comparable arrangements, changed if necessary, shall apply to purchases by the U.S. from Israel.

D. For government contracts made outside government-to-government channels by either government, the purchasing government may request, as it considers appropriate to the circumstances, the host government to provide full QA support or specific, limited QA support.

E. When Government QA support is contemplated, the affected contract shall (1) contain a provision for the host government to act on behalf of the purchasing government as their QA representative; (2) authorize host government QA representatives access to contractor facilities and records and use of contractor assets as necessary for the performance of QA support; and (3) include the appropriate contract quality requirements imposed on the contractor.

F. If the host government believes QA support is necessary at a subcontractor facility in a third country, it shall notify the purchasing government. The purchasing government shall be responsible for QA support in a third country.

G. 1. The central control point of the host government shall receive all requests for QA support via the focal point of the other:

a. Requests by the U.S. for QA support by Israel shall be sent via:

DCMC
Unit 7228
APO AE 09830

(Focal Point)

To:

Director North American Division (Central Control Point)
Foreign Defence Assistance & Defence Export-SIBAT
Ministry of Defence - PO Box 7093
Hakirya, Tel Aviv, Israel 61909

b. Requests by Israel for QA support by the U.S. shall be sent via:

New York Mission (Focal Point)
800 Second Avenue, 11th Floor
New York, NY 10017

To:

Defense Logistics Agency (Central Control Point)
Defense Contract Management Command
DCMC New York
Attention: DCMDE-GNIP
207 New York Avenue
Staten Island, NY 10305-5013

2. Each central control point shall be responsible for arranging for the performance of required QA support by its appropriate national organization. The central control point of each government shall endeavor to keep the focal point of the other apprised of current QA practices and resources to help ensure that requests for QA support are reasonable and prudent. The focal point of the each government shall advise the central control point of the other regarding requirements for contract quality assurance and clarify requests for QA support, as requested.

H. The purchasing government may perform other necessary contract administration functions through its own on-site representatives. If this election is made, the purchasing government shall so inform the host government in order to avoid duplication of work that otherwise might be performed by the host government. When representatives of the Governments deal directly with a contractor at the same location in support of a common contract or separate contracts, they shall operate in full concert pursuant to mutually acceptable terms of reference.

I. Any visit by representatives of the purchasing government to its contractor at a site within the territory of the host government shall be arranged through the host government who shall have the right to accompany the visitors. Access of the purchasing government to its contractors, subcontractors, and their records as may be authorized contractually shall not be impaired or affected in any other way by the provisions of this Agreement.

III. PROCEDURES

- A. 1. Each request for QA support shall be made in a format that is agreed upon by the Delegator and Delegatee including, as a minimum:
- a. Reference to this Annex IV to the MOU;
 - b. Applicable contractual instrument; and
 - c. If less than full QA support is required, a list of the QA support functions being requested.
2. If technical communication regarding the affected work is to be addressed to anyone in addition to the Delegator, the request for QA support must identify the addressee.
3. Unless otherwise mutually agreed, the Delegator must provide the Delegatee four copies of the request; the applicable contractual instrument; changes or amendments thereto; and related technical data.
4. The Delegator may modify a request for QA support during contract performance after consultation with the Delegatee.
- B. Within 45 days after receipt of a request for Government QA support or such longer time agreed upon by the Delegator and Delegatee, the Delegatee shall provide acknowledgment of the request to the Delegator in a format agreed upon by the Delegator and Delegatee. With its acknowledgment, the Delegatee shall also indicate one of the following:
- a. Acceptance of the request without qualification;
 - b. Acceptance of the request with qualification explained in writing; or
 - c. Rejection of the request for reasons explained in writing.
- C. If the requirements imposed by a request for QA support includes functions beyond the capabilities of the host government, the Delegatee shall so notify the Delegator. In such cases, the Delegator shall make other arrangements for the performance of the affected functions. If any QA support function requested by the Delegator is beyond the capability of the host government, the Delegatee shall not procure the resources needed to perform such function without the expressed written consent of the Delegator.
- D. Upon acceptance of a request for QA support, the Delegatee shall implement a quality assurance program in accordance with established national practices. The Delegator and Delegatee may mutually establish the requirements for the required QA support.

E. The purchasing government shall inform its contractor as to who shall perform the required government QA.

F. The Delegatee shall inform the Delegator of the accomplishment of QA support on each batch, lot, and/or shipment via the execution of a Certificate of Conformity. The Certificate shall be in a format that is agreed upon by the Delegator and Delegatee, but it shall include, as a minimum, a statement attesting the supplies and/or services have been subject to Government QA support and the following:

- a. Contract number and/or order number and date;
- b. Supplier and supplier generated shipment number;
- c. Contract schedule information (contract line item number, stock/part number and name, and quantity); and
- d. Name and signature of Delegatee and date of signature.

Unless otherwise prescribed in the request for QA support, the Delegatee shall issue a Certificate of Conformity to the Delegator when the affected materiel or equipment is ready for delivery.

G. Communications shall be dispatched by the most expeditious means practicable.

a. Correspondence between the Delegator and the contractor, pertaining to quality assurance, shall be transmitted through the Delegatee. The Delegatee shall provide copies of any Government quality assurance reports or records related to a specific request for quality assurance upon the request of the Delegator.

b. Communication between the purchasing office and the assigned QA support office shall be accomplished through the focal point.

H. 1. The purchasing government shall retain final authority over contract interpretations and enforcement actions, and it shall advise the assigned QA support office in a timely fashion on such matters.

2. The Delegatee shall be empowered to approve a request for deviation or waiver by a contractor unless such request affects safety, reliability, maintainability, interchangeability, storage life, performance, or cost or unless otherwise directed by the Delegator in the QA support request. The Delegatee shall forward to the Delegator for record any request for deviation or waiver approved by the Delegatee. The Delegatee shall forward to the Delegator for action any request for deviation or waiver received that is not actionable by the Delegatee. The format of such requests shall be specified in the contract.

I. The Delegator may request the Delegatee to participate in a variety of contractual matters related to the performance of Government QA support functions. The involvement and role desired of

the Delegatee in such activities shall be clearly specified on the request for QA support; provided, they are permitted by the contract. The Delegatee may decline to furnish such services if the Delegatee considers them to be outside normal QA support functions.

J. If the purchasing government wants to assign its own on-site representatives, it shall propose to the host government as soon as possible terms of reference describing an appropriate working relationship with host government representatives.

K. If at any time during the course of the order, the Delegatee cannot proceed with a QA support function because of deficiencies in the contractor's system or product, and such deficiencies are of major importance or expected to be a cause of excessive delay, the Delegatee shall so advise the Delegator of these facts as expediently as possible. The Delegator and Delegatee shall mutually agree to the format for such notification which shall include, as a minimum, the following:

- a. Contract and/or order number;
- b. Supplier;
- c. Statement of unsatisfactory condition, to include the applicable contractual provision concerning noncompliance; and
- d. Signature of Delegatee and date.

IV. RESPONSIBILITY AND LIABILITY

Nothing in this Agreement shall relieve the contractor of any responsibilities under the contract. No liability shall attach to the Government, its officers or agents, acting under this Agreement on behalf of the other Government. Should defective materials or services be detected subsequent to delivery, the Delegatee shall assist the Delegator in the investigation of such defects.

V. PROTECTION OF INFORMATION

A. Any classified information or material exchanged under the terms of this Agreement shall be protected in accordance with the U.S. - Israel General Security of Information Agreement of December 10, 1982, and their Industrial Security Protocol of March 3, 1983.

B. Each Government shall take all lawful steps available to it to keep information exchanged in confidence under this Agreement free from disclosure under any legislative provision, unless the other Government consents to such disclosure.

C. To assist in providing the desired protection, each Government shall mark such information furnished to the other with a legend indicating the country of origin; the security classification; the

conditions of release; and, if unclassified, the facts that the information relates to this Agreement and the MOU, and it is furnished in confidence.

D. Unclassified information provided by either Government to the other in confidence, and information produced by either Government pursuant to this Agreement or the MOU requiring confidentiality shall be safeguarded in a manner that ensures its proper protection from unauthorized disclosure.

E. In the event of termination or expiration of this Agreement, these provisions shall continue to apply.

VI. CHARGES

Charges for services provided by the U.S., under this Agreement, shall be in accordance with the U.S. Arms Export Control Act. Israel shall waive charges for services it provides under this Agreement. If Israel cannot waive charges in the future, it shall notify the U.S. not less than six months prior to termination of the waiver so that alternate arrangements may be made.

VII. REVIEW OF ANNEX

This Agreement shall be reviewed not less often than every two years to determine if implementation has been as intended and to modify the Agreement as necessary. Termination may occur as a result of this review, by either government.

VIII. IMPLEMENTATION

In order to implement the provisions of this Agreement, mutually agreed upon plans shall be developed by the national authorities in each country. The plans shall be assessed annually and modified, as necessary, to improve program efficiency and effectiveness.

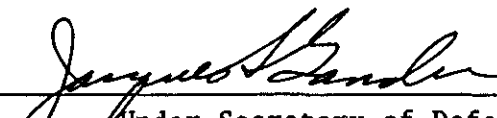
IX. DURATION AND TERMINATION

This Agreement shall enter into force and supersede in its entirety any previous agreement between the Governments regarding quality assurance services made under the MOU 30 days after the last signature and remain in effect for a period as set forth in Article IV of the MOU. At that time, any quality assurance services being performed under any such previous agreement thereupon shall become governed by the provisions of this Agreement. This Agreement may be terminated under the conditions as set forth in Article IV of the MOU or Article VII of this Agreement.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE in duplicate, in the English language.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA



Under Secretary of Defense
Title: (Acquisition and Technology)
Date: MAR 27 1998
Place: Washington, D.C.

FOR THE GOVERNMENT OF ISRAEL

Title: Director of Defense 601-MOD Mission to
Date: 4/8/98 U.S.
Place: New York

STANDARDIZATION AGREEMENT
BETWEEN
THE MINISTRY OF DEFENSE OF ISRAEL
AND
THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA
FOR
RECIPROCAL QUALIFICATION OF DEFENSE-USE PRODUCTS
OFFERED BY MANUFACTURERS RESIDENT IN EITHER COUNTRY

ARTICLE I: PREAMBLE

The Ministry of Defense (MOD) of Israel and the Department of Defense (DoD) of the United States of America (U.S.) hereby mutually agree to implement the following policies and procedures through issuance of an Annex to the U.S. DoD/Israel MOD Memorandum of Understanding (MOU) dated December 14, 1987, Concerning the Principles Governing Mutual Cooperation in R&D, S&E Exchange, and Procurement and Logistic Support of Selected Defense Equipment. This Annex provides for efficient reciprocal qualification and listing of products produced by manufacturers resident in either country for defense materiel procurements. Both parties signing this Agreement are acting in accordance with authority granted under their respective national laws and regulations.

ARTICLE II: PURPOSE

This Agreement is established as a practical method of achieving equitable quality and reliability assurance processes applied to standard qualified products manufactured in either country and offered for export to defense industries in both countries. The terms, conditions, and procedures prescribed in this Agreement shall apply for listing of qualified products of manufacturers resident in Israel on the U.S. DoD Qualified Products Lists (QPLs) and listing of qualified products of manufacturers resident in the U.S. on the Israel Qualified Products Lists. The products listed on the QPLs in both countries pursuant to this Agreement shall be those products approved in accordance with the qualification procedures and the applicable product specification requirements common to both countries. The terms, conditions, and procedures herein also apply to listing of certified products of U.S. or Israel manufacturers. Any reference herein to "qualification", "qualified product", or "qualified manufacturer" shall be understood to also include "certification", "certified product", or "certified manufacturer" respectively, when certification procedures are applicable. Listing of a manufacturer of qualified products on the applicable Qualified Manufacturers List (QML) is addressed in Article VII-10 herein.

ARTICLE III: COMMONALITY AND EQUIVALENCE

Implementation of this Agreement for product qualification will be contingent on mutual determination, recognition, acceptance, and use by the National Qualification Authorities (NQAs) in both countries of: (a) identical product specifications (and standards referenced therein); (b) related technically similar qualification procedures; (c) equivalent technical competence provided for qualification testing and evaluation of applicable products and for auditing and monitoring the acceptability of a manufacturer's facilities, production processes, and quality assurance procedures used for reliable production of the qualified products. (See Article VII-6 herein.)

ARTICLE IV: SCOPE

This Agreement is applicable to those types of items that are listed in the QPL for any product specification (and/or standard) published by or adopted by the U.S. DoD for parts, components, or modular subassembly products included in any U.S. Federal Supply Class (FSC) (except excluded items, see Article V) or in the QPL for any product specification (and/or standard) published by or adopted by the Israel MOD for products in any Israel Supply Class for equivalent types of products, including, inter alia, established-reliability (ER) electronic and electrical parts, integrated circuits and components thereof, electronic modules, electromechanical and mechanical parts, and component devices proposed for use in defense equipment and weapon systems procured by either country. (See Article V herein.)

ARTICLE V: EXCLUSIONS

This Agreement does not apply to those products described in security-classified national specifications and standards or in national specifications and standards designated for controlled distribution to in-country users. The responsible defense acquisition policy officials in either country may unilaterally authorize exclusion of specific items from the qualification and listing privileges established by this Agreement when such exclusion is necessary for national security or to protect the industrial mobilization base, (e.g., when the last remaining in-country production source for a critical-use qualified product has been eliminated and bid solicitations have been issued for establishing a new in-country source). The rationale for exclusion of any item will be furnished to the NQA in both countries by the responsible National Coordinating Activity (NCA). Disputes resulting from a unilateral decision to exclude an item from this Agreement, (e.g., the NQA in one country questioning the validity or adequacy of the rationale submitted by the other country's NCA to explain the exclusion of the item) shall be subject to review and negotiation by the NCAs. (See Article XIX.)

ARTICLE VI: APPLICATION FOR LISTING A FOREIGN-MADE PRODUCT ON THE QPL

1. As a prerequisite for listing of a foreign-made product on a national QPL of either country, the product must first be qualified and listed (or approved for listing by the responsible NQA) on the appropriate QPL of the country in which the manufacturer's production and test facilities are located (i.e., the U.S. or Israel). In the U.S., the responsible NQA is either the DoD Preparing Activity (PA) for the applicable Military or Federal specification for the product (or the authorized agency acting for the PA), or the designated custodial DoD Activity for the adopted non-government specification, as applicable in each case. (See Article VII-3 & -6 herein.) In Israel, the responsible NQA/NCA is the Israel Standards Institute in Tel-Aviv, Israel, acting on behalf of the Israel MOD. Identification of the U.S. NQA, if not noted in the specification, may be obtained from the U.S. NCA, the Defense Standardization Program Division, Office of Deputy Assistant Secretary of Defense (Production Resources), 5203 Leesburg Pike - Suite 1406, Falls Church, VA., 22041-3466.

2. Applications for product qualification which are submitted by manufacturers resident in either country must be submitted to the appropriate NQA of the country where the product is manufactured. That NQA will then notify the appropriate NQA of the other country and coordinate the qualification requirements and procedures included in the identified product specification agreed to be acceptable by both NQAs. (Refer to following paragraphs 3, 4, 5, and 6 for information concerning requirement for use of identical product specifications by both NQAs.)

3. A manufacturer resident in the U.S. who desires listing on both the U.S. DoD QPL and the Israel MOD QPL based on the agreed identical specification requirements contained in an Israel specification, shall apply to the appropriate U.S. NQA responsible for similar U.S. product specifications. Qualification of the U.S. manufacturer's product shall be in conformance with the identified Israel product specification. The listing on the applicable Israel MOD QPL will be formally established promptly within ninety (90) days after the Israel NQA has been given notice of acceptance for QPL listing by the U.S. NQA and has received all verified, relevant qualification data required for approval and acceptance by the Israel NQA. If the Israel NQA should decide to exercise its option to refuse acceptance of the U.S. applicant's product, the reason for refusal of reciprocal qualification of the product and the supporting data for the non-acceptance decision will be communicated in writing to the U.S. NQA (with copy to the applicant manufacturer) within forty five (45) days after receipt of the notice of U.S. acceptance for QPL listing. (See Articles XIII and XIX herein.)

4. A manufacturer resident in Israel who desires listing on both the Israel MOD QPL and the U.S. DoD QPL based on the agreed identical specification requirements contained in a U.S. specification, shall apply to the Israel NQA (the Israel Standards Institute) for product qualification in conformance with the identified U.S. product specification. The listing on the applicable U.S. DoD QPL will be formally established promptly within ninety (90) days after the U.S. NQA has been given notice of acceptance for QPL listing by the Israel NQA and has received all verified, relevant qualification data required for approval and acceptance by the U.S. NQA. If the U.S. NQA should decide to exercise its option to refuse acceptance of the Israel applicant's product, the reason for refusal of reciprocal qualification of the applicant's product and the supporting data for the non-acceptance decision will be communicated in writing to the Israel NQA (with copy to the applicant manufacturer) within forty-five (45) days after receipt of notice of Israel acceptance for QPL listing. (See Articles XIII and XIX herein.)

5. The basis for product qualification and reciprocal listing in each country shall be: (a) demonstration of full conformity of the product with all requirements of the product specification as validated by submittal of acceptable evaluation test data derived from performance of the specified tests and analyses of representative sample products witnessed and validated by an authorized representative(s) of the NQA; and, (b) acceptable validated reports of the technical audits of the manufacturer's production and test facilities, production process, and quality assurance and control procedures, submitted to the NQA. Qualification testing of products shall be performed in: (a-1) government laboratories utilized by the NQA of the country where the product is manufactured; or, (b-1) impartial commercial test laboratories approved by the NQA of the country where the product is manufactured; or, (c-1) the manufacturer's in-plant test facility approved by the NQA of the country where the product is manufactured. Approval of test facilities for product qualification testing shall be based on NQA inspection and verification of testing and evaluation capabilities compatible with the product specification test requirements. (See Article VIII herein.)

6. The following information shall be furnished with each application for product qualification forwarded from the NQA in either country to the NQA in the other country: (a) a copy of the issue of the specification upon which the qualification is based and such other referenced data as may be needed; and, (b) a copy of the product test-results data and the production facility audit-results data upon which the qualification approval is based. The test data shall include descriptions of test procedures, test facility and equipment and methods of calibration, complete test results, production process quality control, analyses of required computations, date(s) when

tests were conducted, and names of testing officials and NQA witnesses. If additional information involving further product testing is required for demonstrating full conformance with the specification, it shall be furnished to the requesting NQA within ninety (90) days after the date of the request. For the purpose of listing products on some QPLs, the NQA requesting the qualification information noted above, may elect to accept a summarized technical report of the engineering evaluation of the test data prepared and verified by the responsible representative of the NQA who monitored the testing, in lieu of the detailed, recorded test data required in (b) above.

ARTICLE VII: RECIPROCAL QUALIFICATION and LISTING

Reciprocal qualification and listing of foreign-made products manufactured in Israel or in the U.S. will be granted by both nations, subject to compliance with the following conditions:

1. The requirements, conditions, and procedures defined in Articles II through XXI of this Agreement will be implemented by the NQAs and Defense Acquisition Officials in both countries and will be applied uniformly to all applicant manufacturers.
2. The applicant manufacturer must certify acceptance of the provisions governing the implementation of reciprocal qualification procedures and the regulatory terms and conditions invoked in Articles I thru XXI in this Agreement for establishment and use of national QPLs to include identification of foreign-made approved products, as required by the NCAs and NQAs in the U.S. and in Israel. (See following paragraphs 3 through 9.)
3. The NQAs in both countries shall have determined that the product specification used for manufacturing and qualification of the applicant's product is common to both countries; and, through official witnessing of the qualification tests and the certification of the recorded test data or engineering evaluation report data, the NQAs in both countries have agreed that the product fully conforms to the requirements of the identical specification and the standards and specifications referenced therein. Deviation from the requirements specified in the agreed, identical specification(s) and standards shall not be authorized or accepted by the NQA in either country, except as mutually agreed and recorded in writing by the NQA in both countries.
4. For the purpose of reciprocal qualification, testing of the product physical and functional characteristics and performance quality and reliability in excess of the specified qualification test requirements, as defined in the identified applicable product specification and the standards and specifications referenced therein, shall not be required by the NQA in either country unless additional or modified testing is mutually agreed to be necessary and is recorded in writing by the NQA in both countries.
5. After product qualification has been granted by the NQA in both countries, the manufacturer of the qualified product shall have all the rights and privileges relating to the production, identification, listing, and sale of that product which are extended, in accordance with national policies and procedures, to any other manufacturer of a product listed on the same QPL. Each qualified product produced shall be marked as required by the applicable product specification and shall include "Made in Israel" or "Made in USA", as applicable. For parts too small to contain the required marking, coded marking may be applied as agreed by the NQAs in both countries. Packages containing the manufactured qualified product shall be similarly marked to identify the manufacturer, the product specification number, and country of origin.

6. To facilitate commonality of product specifications used for reciprocal qualification purposes, the following procedure will be implemented in both countries: When a product made in Israel is listed on the QPL of a U.S. DoD national specification, the Israel NCA shall officially adopt the U.S. DoD specification as one of Israel's national specifications approved for purposes of defense materiel acquisitions. When a product made in the U.S. is listed on the QPL of an Israel national specification, the U.S. NCA shall officially adopt the Israel specification as one of the U.S. DoD national specifications approved for purposes of defense materiel acquisitions. Notwithstanding this reciprocal adoption of national specifications by each country, the responsibility and authority for decisions concerning changes to a national specification intended to be used for multinational reciprocal qualification of defense products, shall remain with the NQA and NCA of the country in which the specification was originally published. The NQAs in both countries shall be given earliest possible advance notice, at least ninety (90) days, prior to implementation of any change to be made in a national specification (or applicable standard) which has been adopted under the terms of this Agreement. Recommendations for changes to the adopted specifications may be submitted by users in either country to the responsible in-country NQA for evaluation and coordination with the NQA and NCA in the other country for approval (or disapproval) prior to implementation.

7. If a critical technical deficiency is detected in a product specification used in both countries, the 90-days advance notification shall not be required and appropriate corrective action shall be taken promptly by the responsible NQA and notification of the action shall be submitted immediately to the NQA in the other country. The agreed deadline date for implementation of the correction by the manufacturers listed on the QPLs, shall be negotiated by the NQAs in both countries and implementation by each qualified manufacturer shall be verified and recorded in writing by the NQA in each country. If mutual agreement for a proposed change in the requirements of a specification adopted under terms of this Agreement cannot be negotiated by the NQAs in both countries, the change shall not be issued, or the specified product shall be declared excluded from this Agreement. (See Article V.)

8. When a product is manufactured in Israel in conformance with the applicable U.S. DoD specification and is qualified and listed on the U.S. QPL, any U.S.-made product then listed on the U.S. QPL shall be immediately eligible for listing on the Israel QPL established for the adopted U.S. DoD national specification. However, listing of the U.S. qualified products on the Israel QPL will not occur unless each U.S. manufacturer who wants his qualified product listed in Israel submits an application for listing to the Israel NQA with copy to the U.S. NQA. Complete qualification test data previously validated and recorded for the product, must be certified by the U.S. NQA to be a valid copy and then submitted to the Israel NQA, if requested by the Israel NQA after receipt of the application. (See Article VI herein). The Israel NQA may elect to accept a qualification validity certification from the U.S. NQA in lieu of a copy of the previously recorded complete qualification test data.

9. Likewise, when a product is manufactured in the U.S. in conformance with the applicable Israel national specification and is qualified and listed on the Israel QPL, any product made in Israel that is then listed on the Israel QPL shall be immediately eligible for listing on the U.S. QPL established for the adopted Israel specification. However, listing of the Israel qualified products on the U.S. QPL will not occur unless each Israel manufacturer who wants his qualified product listed on the U.S. QPL submits an application for listing to the U.S. NQA with a copy to the Israel NQA. Complete qualification test data previously validated and recorded for the product, must be certified by the Israel NQA to be a valid copy and then submitted to the U.S. NQA, if requested by the U.S. NQA after receipt of the application. The U.S. NQA may elect to accept a qualification

validity certification from the Israel NQA in lieu of a copy of the previously recorded complete qualification test data.

10. Total reaudit of the established manufacturing and test facilities currently being used for production of a product qualified in accordance with this Agreement shall not be required when application has been submitted for qualification of another product of the same basic type or class and technically similar to the qualified product currently produced at the same facility and by the same manufacturing process in conformance with the same basic form and functional standards applied to the current-production product, but with detailed specification requirements stipulating some different functional capacities and related physical size characteristics. For qualification of such products, the manufacturer's production and test facilities and quality control processes shall be approved based on the prior qualification certification records validated by the in-country NQA. However, testing and inspection of the new product shall be performed to the extent necessary to verify conformance to the applicable detail specification requirements for all functional capacities and physical size characteristics with special attention given to the characteristics that are not the same as those applied to the qualified product currently produced by the manufacturer. In this situation, when the manufacturer produces two or more products of the same basic type or class which have been qualified under this Agreement, the manufacturer is then eligible for listing on the established Qualified Manufacturers List (QML), if a QML has been established in both countries for those types or classes of specified products. Requests for QML listings shall be submitted to the in-country NQA for coordination with the NQA in the other country for verification and approval for QML listing in both countries.

ARTICLE VIII. OPTIONAL JOINT AUDITS

To further ensure commonality of product qualification procedures utilized in both countries, the NQA in either country that provides the product specification used for reciprocal qualification, may, at its discretion, require its technical representative(s) to participate in the initial audits of the production and test facilities and quality control procedures used by any manufacturer who has applied for reciprocal qualification and listing of his product. Unless otherwise agreed by the NQAs in both countries, follow-up audits and inspections (to verify the manufacturer's actions resulting from the initial joint audit) and the subsequent periodic plant reaudits and process inspections, as specified to maintain qualification, shall be performed by the NQA in the country where the product is manufactured, without participation by the NQA from the other country, unless a problem with a qualified product occurs which both NQAs agree can be resolved more efficiently by conducting another joint audit; or, if the manufacturer's in-country NQA encounters a problem which requires personal on-site attention by the acceptor NQA and requests the participation by the acceptor NQA for conducting a follow-on audit. Follow-on joint audits justified in accordance with the above criteria will be subject to the cost reimbursement requirements stipulated in Article XX in this Agreement. (See Article VII-9 and Article XX.)

ARTICLE IX. REMOVAL OF LISTED PRODUCTS

A product qualified and listed in accordance with this Agreement may be removed from the applicable QPLs only after valid cause is reported and verified in either country in accordance with the established procedures of the NQA and the Defense Standardization Authority administering that QPL. The NQA in either country may take unilateral action to remove a product from the QPL when non-conformance of an essential characteristic of the product is verified. The notification of removal, with reasons therefor, shall be furnished to the NQA of the other country at the time such notification is issued to the manufacturer.

Relisting of removed products may be authorized by the responsible NQA when certified evidence has been submitted to verify appropriate corrective action taken by the manufacturer. Official notification of removal of products from the national QPLs and relisting of removed products shall be recorded promptly in both countries by the NQAs. Notification of removal of a product from the QPL shall be distributed promptly by the NQAs to concerned defense supply agency officials and the appropriate industrial users association(s) to facilitate detection of and removal of the disqualified product from user supply stocks. Notification of approval for relisting of the removed product shall be distributed promptly by the NQAs to the same supply agency officials and industrial users. (See Articles X, XIII, and XIX herein.)

ARTICLE X: LIMITATIONS OF RESPONSIBILITY

Approval by the NQA for listing a product on a specification QPL does not imply any warranty to users of that product that all products produced by the manufacturer will conform to the quality and reliability requirements stated in the relevant product specification and exhibited by the test data derived from the representative qualification sample(s).

In response to a manufacturer's application for product qualification, the NQAs will be responsible for conducting the initial product qualification process and audit of the manufacturer's production and test facilities and quality assurance procedures, and periodic reexamination of the manufacturing process and product quality assurance records, as required by the product specification, and reporting any physical or functional non-conformance noted during the process. However, neither party to this Agreement nor the respective NQA and NCA in each country is responsible for failure of the manufacturer to continue adequate process control and product quality control procedures during production to assure that all delivered production items conform to the specified requirements for quality, reliability, and all other product characteristics as exhibited by the qualification test sample(s). Furthermore, other than responsibility for monitoring and verifying the initial and periodic qualification testing of sample products and auditing the manufacturer's facilities and process, as required by the qualified-product specification, neither party to this Agreement nor the respective NQA and NCA undertakes responsibility to relieve the users of the qualified product of their responsibilities for monitoring the continued compliance of the manufacturer's delivered product with the specification requirements.

The parties to this Agreement and the respective NQAs and NCAs in both countries will not be liable for any damages resulting from failure of qualified products to conform to any of the specification requirements, such as damage caused when the product is used in subassembly modules or components of operational equipment.

A manufacturer of a product qualified and listed in conformance with this Agreement shall agree not to falsely state or imply in advertisements or sales offers that his product is the only available product conforming to the applicable specification used by both the U.S. NQA and the Israel NQA.

ARTICLE XI: LIAISON

This Agreement authorizes direct liaison between the NQAs in the U.S. and Israel on all matters pertaining to implementation of the Agreement. Liaison concerning product qualification technical matters between the NQA in one country and a manufacturer resident in the other country shall be conducted through the NQA in the other country. (For intergovernmental liaison for other matters see Articles XIII, XVII, and XIX.)

ARTICLE XII: COMMON LANGUAGE

It is agreed that the English language will be the common language used by both countries for exchange of information (including specifications and standards) involved with implementation of this Agreement, unless special exceptions are agreed in advance and recorded in writing by the NQAs in both countries for specific, individual documents.

ARTICLE XIII: APPEALS

Unresolved differences concerning product qualification under this Agreement which may arise between the NQA in the U.S. or in Israel and a manufacturer resident in the other country shall be referred for resolution to the Chief of the Defense Standardization Program Division, Office of the Deputy Asst. Secretary of Defense (PR), U.S. DoD, Falls Church, VA., 22041-3466, or to the Head of the Foreign Defense Assistance, Defense Export Department, Israel Ministry of Defense, Tel-Aviv, Israel, as applicable, with copy to the in-country NQA. (See Article XIX herein.)

ARTICLE XIV: CONFIDENTIALITY OF PRODUCT DESIGN, MANUFACTURING PROCESS, COMMERCIAL DATA, AND TEST DATA

Information exchange conducted pursuant to this Agreement shall be restricted to those persons involved in the product qualification process. Commercial data (e.g., price, cost, rate of production, source of materials, etc.), proprietary product design data, proprietary manufacturing process data, test data, and other confidential proprietary commercial information furnished with or derived from product samples submitted for qualification, which may adversely affect the manufacturer's competitive market position if disclosed to competing manufacturers, shall not be disclosed to anyone other than the representatives of the appropriate NQAs and NCAs and their government agency officials, when required.

The NQA in the country where the qualified product is manufactured shall require the applicant manufacturer to identify all submitted, proprietary information requiring confidentiality by marking an appropriate legend on each applicable page. However, notwithstanding the intended confidentiality of such information, it is understood by both parties to this Agreement that further disclosure may be necessary, if required pursuant to the laws of either country. If further disclosure is required for national legal reasons, advance written notification will be provided to the manufacturer and the NQA in the country where the product will be manufactured.

Commercial information, such as noted above, that relates to the applicant manufacturer's product, which is found to be disclosed elsewhere in the public domain, will not be handled as confidential proprietary information even if it is so marked by the submitter.

The NQA in each country will issue appropriate policies and instructions to implement this Article of the Agreement. Neither party to this Agreement nor the respective NQAs and NCAs will be liable for any release of information in accordance with or in violation of this Article of the Agreement. . (See Article XIX herein.)

ARTICLE XV: NATIONAL SECURITY INFORMATION

This Agreement does not authorize exchange of any classified national security documents issued by the U.S. DoD nor those issued by the Israel MOD. Inadvertent access to any classified national security information which may be encountered during actions taken by representatives of either country pursuant to this Agreement shall be brought to the attention of the national NQAs immediately. The NQAs shall be responsible for promptly retrieving the classified information and invoking adequate security measures in conformance with the U.S. DoD/ Israel MOD General Security of Information Agreement of December 10, 1982, and applicable national regulations.

ARTICLE XVI: PERIODIC REVIEW OF QUALIFIED PRODUCTS LISTS

The NQAs in both countries shall periodically review the national QPLs relating to this Agreement, preferably at intervals of one (1) year but no longer than two (2) years, and shall coordinate the validation, revision, or cancellation of the listings on the QPLs and exchange notifications of such actions and reasons therefor.

ARTICLE XVII: FURNISHING OF UP-TO-DATE QPL INFORMATION

Each party to this Agreement agrees that there shall be an exchange, on a timely basis, of up-to-date national QPL information for products falling within the scope of this Agreement including information relating to new, revised, and cancelled specifications with QPLs, and including annual updates provided by the NQAs to identify newly added or removed listings of qualified sources. For exchange of information on status of specifications and standards, the U.S. DoD Standardization Program Division will furnish to the Israel NCA a copy of the latest reissue of the Department of Defense Index of Specifications and Standards (DODISS), including regular supplements and related notifications, when issued. The Director, Israel Standards Institute, will furnish that information by sending the annual issues and all intermediate supplements of the Israel QPLs and Index of Specifications and Standards to the Chief of the Defense Standardization Program Division, U.S. DoD.

ARTICLE XVIII: VERIFICATION OF QPL DATA

Before using the data listed on a QPL of the other country, the NQA in either country shall verify the data as current and correct by contacting the appropriate NQA (or the NCA, if the NQA is not identified) of that other country, for verification. In the U.S., the appropriate NQA to contact is the assigned Preparing Activity (PA) (or custodial activity) for the applicable product specification and QPL, as listed in the current U.S. DoD Index of Specifications and Standards (DODISS). In Israel, the appropriate NQA to contact is the Israel Standards Institute. (See Article VI - 1 herein.)

ARTICLE XIX: SETTLEMENT OF DISPUTES

Disputes between the respective U.S. and Israel implementing agencies concerning the interpretation and implementation of the terms, conditions, and procedures of this Agreement shall be settled by negotiation by authorized standardization management officials of the U.S. DoD Standardization Program Division (and other DoD policy officials, as necessary) and the authorized officials of the Israel MOD (and the Israel Standards Institute officials, as necessary), having delegated authority.

ARTICLE XX: RESOURCES FOR IMPLEMENTATION

1. Testing of sample products for qualification approval must be performed at test facilities approved and monitored by the in-country NQA. The test facilities may be owned and operated by the applicant manufacturer; or, may be test facilities maintained and operated by the NQA; or, may be independently owned and operated test facilities providing product testing services under contract with the manufacturer or the NQA.
2. The applicant manufacturer shall pay all costs for providing to the designated test facilities all product test samples required for all product qualification testing specified by the NQAs. The applicant manufacturer shall also be responsible for paying the established fees to cover costs incurred by the NQAs for performance of the product qualification process in response to his application for product qualification and approval and listing. The fees to be paid by the applicant manufacturer may include, inter alia, the following costs: a) Cost incurred by the NQAs for performance and/or monitoring and assessment of all product tests as specified by the NQAs and performed by the manufacturer, by the NQAs, or by the independent testing contractor; b) Costs incurred for preparation and distribution of test data evaluation reports issued by the test facilities authorities; c) Costs incurred by the NQAs for preparation and coordination of the reports derived from the required audits of the manufacturer's production and test facilities and process controls; d) Temporary-duty travel costs incurred by the NQAs for providing technical representative(s) to conduct the required initial joint audits and subsequent periodic audits as necessary for approval of the manufacturer's production and test facilities and processes and the quality control process to be employed for production of the qualified product. Travel costs shall include all local and long-distance surface and air transportation; all local and long-distance official communications; and, all officially allowable per-diem charges for each assigned temporary-duty period. Obtaining an advance, written commitment from the applicant manufacturer for payment of the established fees for each product qualification request shall be the responsibility of the NQA in the country where the manufacturer's facilities are located.

3. Unless advance agreement for recovery of specific costs is negotiated by the NQAs and recorded in writing, neither party to this Agreement nor the respective NQA and NCA will be liable for costs incurred by the other party or NQA or NCA.

ARTICLE XXI: DURATION AND ENTRY INTO FORCE

This Agreement shall enter into force upon signature by both parties. This Agreement shall be subject to the duration, termination, and amendment provisions of Article IV of the U.S. DoD/Israel MOD Memorandum of Understanding (MOU) dated 14 Dec 1987, or any extension thereof. Advance notice of planned termination shall be issued to the NQAs at least ninety (90) days prior to the termination date. Applications for reciprocal qualification will not be accepted during the ninety-days advance notice period. Both parties agree that if at any time later, this Agreement is terminated, the reciprocal qualified products listings established in either country, prior to the termination date, will remain valid in each country for a minimum period of three (3) years after the termination date unless there is verified cause for removal of a listed product, such as reported performance deficiencies, termination of production by the manufacturer, or cancellation of the applicable product specification.

Proposed revisions or amendments to the terms and conditions of this Agreement may be submitted to the National Coordinating Activity (NCA) in either country for evaluation and coordination with the NCA in the other country, but changes will not be implemented unless and until executed by authorized officials in both countries.

END

CONCLUDED AND SIGNED
TWO ORIGINALS
IN WITNESS THEREOF FOR
THE UNITED STATES DEPARTMENT
OF DEFENSE

ON THIS 5TH DAY OF JAN 1992³

Don Yockey USDA
Signature Office Code

DONALD YOCKEY
UNDER SECRETARY OF DEFENSE
ACQUISITION

CONCLUDED AND SIGNED
TWO ORIGINALS
IN WITNESS THEREOF FOR
THE ISRAEL MINISTRY OF DEFENSE

ON THIS 11th DAY OF Jan 1992³

Moshe Kochanovsky
Signature Office Code

MOSHE KOCHANOVSKY
DIRECTOR
GOVERNMENT OF ISRAEL
DEFENSE MISSION TO THE U.S.A.

Prep. by: S. P. Miller, OASD(P&)PR-MM-SPD, 12 Nov 1992.